

## Message Text

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47

ACTION IO-13

INFO OCT-01 EUR-25 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-09 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01

INT-08 NSC-10 SS-14 STR-08 L-03 AGR-20 DOTE-00 SCI-06

DODE-00 PA-03 USIA-12 PRS-01 OIC-04 RSR-01 /218 W

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R 141345 Z MAR 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 8293

INFO AMEMBASSY BONN

AMEMBASSY HELSINKI

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AMEMBASSY PARIS

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E. O. 11652: N/A

TAGS: ECON, XG, ECE

SUBJECT: ECE - SENIOR ECONOMIC ADVISERS (SEA), 10 TH SESSION

PASS CARLSON, OMB

REF: GENEVA 0965, 0975

1. SUMMARY. TENTH SESSION SEA ADJOURNED EVENING MARCH 9  
AFTER LABORIOUS SIX- HOUR MEETING DEVOTED TO ADOPTION FINAL  
REPORT, REMINISCENT OF SIMILAR EXERCISES DURING TRADE  
COMMITTEE AND SCIENCE AND TECHNOLOGY ADVISERS RECENT SES-  
SIONS. ALTHOUGH USSR DID NOT EFFECTIVELY "GUT" SEA WORK  
PROGRAM AS IT DID IN THE TWO OTHER CASES, THEIR ACTION PREVENTED  
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ADOPTION OF TERMS OF REFERENCE, CREATED CONFUSION REGARDING ONGOING WORK ON LONGTERM STUDY ON BASIC MATERIALS AND ENERGY AND LEFT IMPRESSION STRONGER THAN EVER SOVIETS WANT NO NEW INITIATIVES IN ECE UNTIL AFTER RESULTS OF CSCE ARE KNOWN.  
END SUMMARY.

2. DEBATE ON THE THREE SUBSTANTIVE TOPICS VARIED GREATLY IN QUALITY AND SIGNIFICANCE. FOR FIRST SUBJECT, SOCIAL ASPECTS OF DEVELOPMENT PLANS AND OBJECTIVES, NINE PAPERS ON ANALYTICAL AND DESCRIPTIVE TOPICS HAD BEEN DISTRIBUTED. DISCUSSION, HOWEVER, DID NOT FOR MOST PART REVOLVE ABOUT THESE CONTRIBUTIONS. ORAL STATEMENTS BY DELEGATIONS FROM HUNGARY AND SWEDEN AMPLIFIED CERTAIN ASPECTS OF THEIR COUNTRIES' AIMS, BUT THERE WAS LITTLE INTERCHANGE OF IDEAS OR DEBATE. LONG DESCRIPTIONS OF INSTITUTIONAL ARRANGEMENTS FOR SOCIAL PLANNING IN EES PROVOKED LITTLE COMMENT. SEC DOCUMENT AND ORAL REPORTS STRESSED FOLLOWING THEMES: (I) MEANS FOR REDISTRIBUTION MUST COME FROM FURTHER GROWTH. REDISTRIBUTION OF EXISTING RESOURCES IS NOT CONTEMPLATED AS PATH TO GREATER EQUALITY; (II) CONFLICT EXISTS BETWEEN SOCIAL EQUITY GOALS AND GROWTH, FOR IT GENERALLY RECOGNIZED THAT SOME DEGREE OF INCOME INEVITABLY IS NEEDED AS ECONOMIC INCENTIVE; (III) TECHNIQUES OF SOCIAL PLANNING NEED TO BE FURTHER DEVELOPED IF SOCIAL PLANNING TO BE FULLY INTEGRATED WITH ECONOMIC PLANNING.

3. SECOND SUBSTANTIVE TOPIC WAS ON PROJECTIONS OF STRUCTURES OF INDUSTRIAL OUTPUT IN EUROPE. SEC DOCUMENT CONTAINED LONG TERM FORECASTS OF SECTORAL OUTPUT PRODUCED BY EXTREMELY MECHANISTIC TECHNIQUES OF LIMITED VALIDITY. DEBATE, WHILE AT TIMES RECOGNIZING PROBLEMS WITH THE FORECASTS, SEEMED SOMEWHAT UNREAL.

4. THIRD TOPIC ON LONG- TERM PROBLEMS IN BASIC PRODUCTS AND ENERGY WAS MOST CONTROVERSIAL OF THE THREE. DESPITE DIVERSITY OF IDEAS AS HOW TO PROCEED WITH TOPIC, GENERAL APPROACH CONTAINED IN DOCUMENT EC. AD( X)/ R.5 WAS APPROVED BY SENIOR ADVISERS. POLAND DID RAISE POINT ABOUT HOLDING AD HOC GROUP OF EXPERTS LATER IN YEAR TO HELP SEC SORT OUT MATERIAL GATHERED FROM GOVERNMENTS AND OTHER INTERNATIONAL ORGS. THIS ALSO MENTIONED IN SEC' S SCHEDULE OF MEETINGS FOR 1973. USDEL, WHILE AGREEING TO GENERAL APPROACH TO STUDY, MADE IT CLEAR QUESTION OF EXPERT GROUP ON RAW MATERIALS AND ENERGY SHOULD BE LIMITED OFFICIAL USE

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HELD OPEN UNTIL AFTER PLENARY HAD HAD OPPORTUNITY TO DISCUSS

INSTITUTIONAL ARRANGEMENTS IN THIS FIELD. US ALSO OFFERED MAKE AVAILABLE NUMBER OF USG ENERGY STUDIES RECENTLY COMPLETED OR IN PROGRESS.

5. CONFUSION RE FUTURE STATUS OF RAW MATERIALS AND ENERGY STUDY STEM FROM ATTEMPT DURING ADOPTION OF REPORT BY SOVIETS AND BULGARIANS TO STRETCH OUT AND COMPLICATE PROCESS OF COORDINATION BETWEEN GOVERNMENTS, SEA, PLENARY, OTHER ECE SUBSIDIARY BODIES AND OTHER INTERNATIONAL ORGANIZATIONS. TWO VERSIONS OF HOW TO PROCEED THEREFORE ARE REFLECTED IN REPORT.

6. PROGRAM OF WORK GIVES AGENDA FOR 11 TH SESSION SEA AS  
A. LONG AND MEDIUM- TERM ECONOMIC FORECASTS, TRENDS, POLICIES AND PLANS IN ECE REGION; B. LONG- TERM PROBLEMS RE BASIC MATERIAL AND ENERGY WITHIN FRAMEWORK OF ECONOMY AS A WHOLE; AND C. REVIEW OF METHODOLOGICAL ACTIVITIES RELATING TO LONG- TERM PLANNING AND PROGRAMMING. WORDING ON THESE ITEMS SLIGHTLY MODIFIED BY SOVIETS, BUT GENERAL AGREEMENT OBTAINED ON THESE THREE ITEMS.

7. TENTATIVE SCHEDULE OF MEETINGS WAS AGREED AS FOLLOWS WITH UNDERSTANDING FURTHER ADJUSTMENTS COULD BE MADE AT JUNE PREPARATORY MEETING AFTER 28 TH PLENARY:

23-25 MAY -- PREPARATORY CONSULTATION ON SEMINAR ON USE OF SYSTEMS OF MODELS IN PLANNING

18-20 JUNE -- AD HOC MEETING TO PREPARE 11 TH SESSION

3-8 DEC. -- SEMINAR ON FACTORS AND CONDITIONS OF LONG- TERM GROWTH ( STOCKHOLM)

END 1973 OR -- AD HOC MEETING ON BASIC PRODUCTS AND ENERGY EARLY 1974

MARCH 1974 -- 11 TH SESSION SEA

8. DESPITE EXHORTATIONS BY STANOVNIK, WHO ATTENDED FULL SESSION, THAT FURTHER POSTPONEMENT OF ADOPTION TERMS OF REFERENCE OF SEAS WOULD ELICIT CRITICISM FROM PLENARY, AND ATTEMPTS SEVERAL DELEGATIONS TO MODIFY DRAFT PRESENTED BY SEC, LIMITED OFFICIAL USE

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SOVIETS AT LAST MINUTE REFUSED TO ACCEPT ANY VERSION. INSTEAD THEY CALLED FOR RECONSIDERATION AT JUNE PREP GROUP MEETING.

9. OTHER NOTEWORTHY ASPECTS OF SESSION WERE SEVERE CRITICISM

OF SEC ON SEVERAL OCCASIONS BY SOVDEL KOTOV AND SHARP REJOIN-  
DERS BY STANOVNIK AND FACT EASTERN EUROPEAN DELS MORE OFTEN  
THAN NOT PLAYED CONSTRUCTIVE ROLE WHICH WAS NOT CONSISTENT  
WITH SOVIET OBSTRUCTIVE TACTICS. SEC STILL SOMEWHAT PUZZLED  
OVER HARSHNESS OF SOVIET ATTACK, BUT TEND TO ATTRIBUTE IT TO  
INEPT OVERPLAYING OF HIS INSTRUCTIONS BY KOTOV. FACT REMAINS,  
HOWEVER, THAT SOVIET ACTIONS DURING SEA CONSISTENT WITH THEIR  
RECENT ACTIONS IN OTHER ECE COMMITTEES TENDING TOWARD STATUS  
QUO IN ECE UNTIL RESULTS OF CSCE ARE KNOWN. RIMESTAD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** worrelsw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Office:** ACTION IO  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** worrelsw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JUL 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24-Jul-2001 by izenbei0>; APPROVED <22-Aug-2001 by worrelsw>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> wfs 971204  
**Subject:** ECE - SENIOR ECONOMIC ADVISERS ( SEA), 10 TH SESSION  
**TAGS:** ECON, FR, GM, RS, SZ, UK, ECE  
**To:** BONN  
HELSINKI  
IO  
LONDON  
MOSCOW  
OECD PARIS  
PARIS

SECSTATE WASHDC  
USUN NEW YORK

**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005